

Let us put this in perspective: 14 percent of the U.S. gross domestic product would equal over \$1 trillion. This breathtaking figure would be 61 percent of the Federal budget. The IMF is engaging in a policy of privatizing the profits and socializing the losses. So instead of helping beleaguered nations, the American taxpayer is guaranteeing a return of investment, of course with a profit attached, to the various investment institutions and investors who knew that they were engaging in highly risky investments. The protected markets, not the open ones, are in trouble.

The financial crisis in East Asia is not the result of excess capitalism. The crisis has been caused and exacerbated by the Asian economies that have been forcibly insulated from the free market through quasi-protectionist practices, especially as it concerns banning foreign financial services to operate in these markets.

The Heritage Foundation, a conservative think tank, reports, quote, the financial crisis in Asia is a culmination of decades of hands-on government regulation of the region's economies, distrust of foreign capital and competition, concentration of power in a family-owned business group with close ties to the government, and closed financial systems and quotes.

As the case with Japan, which has experienced nearly a decade-long recession, these Asian nations have created managed economies by picking economic winners and losers instead of allowing competition to sort out the free market winners and losers. By trying to guide their economies through bureaucratic hands, Thailand, Indonesia, and South Korea have worsened their economic crisis because they have been incapable of taking immediate action to fight the effects of a growing economic free fall. The IMF can lull nations into complacency by acting as a self-appointed leader of last resort.

This fund was originally created in 1944 to assist in global trade by supporting currency convertibility and providing needed financing to defend exchange rates. The purpose of the IMF was entirely dissolved with the demise of the fixed exchange system in 1937 and the advent of international capital markets. But instead of putting the IMF out of business as it should have been, the IMF was allowed by its member nations to redefine itself by becoming a lender to developing nations. Such a change in its mandate automatically increased the risk to its reserve funds and duplicated the efforts of other international financial institutions such as the World Bank.

The IMF money has made investors more reckless with their decisions because they have come to expect that this money will be an insurance plan against the risk of investing in questionable economic settings in foreign nations. They realize their investments will be practically guaranteed. Instead of making wise business decisions, cer-

tain investors and institutions get consumed with the thought of great profits despite significant risks.

Most importantly this crisis should teach the world, especially in countries like Japan and China, that true economic reform is needed to wean nations off managed economic policies. By allowing the free market to rule, the nations of East Asia will have the security to avoid these economic downturns that currently have befallen them. Asian nations are facing financial difficulties, not because of outside forces having imposed bad economic policies on them, but because they have imposed these bad policies on themselves.

NUCLEAR TECHNOLOGY EXPORT

The SPEAKER pro tempore (Mr. MILLER of Florida). Under the Speaker's announced policy of January 21, 1997 the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, on January 12 of this year, the Clinton administration issued a statement certifying that China had provided clear and unequivocal assurances to the United States that it is not assisting and will not assist any nonnuclear weapons State either directly or indirectly in acquiring nuclear explosive devices or the material components of such devices. This is the first time in 12 years that a U.S. President has granted such a certification.

I am greatly disturbed by this statement. As many Members of this body are aware, China is a major supplier of weapons of mass destruction, nuclear and missile technology. We have less than 30 days to take action and either reject or accept the certification.

Mr. Speaker, when the United States and China had signed an accord in 1985 to allow American firms to export nuclear technology to China, Members of Congress were concerned over China's sales of nuclear weapons technology to third countries. In response, Congress quickly passed legislation that required the President to first certify that China has not sold or transferred nuclear technology to countries that are not subject to inspection by the International Atomic Energy Agency. In granting this certification, the Clinton administration has chosen to overlook China's recent transfer of nuclear technology to unregulated nuclear facilities in Pakistan and Iran. The administration has accepted a so-called assurance by Beijing that it would cancel or postpone indefinitely several projects, especially secret nuclear facilities in Pakistan and a uranium conversion facility in Iran, as the basis for the United States granting the certification.

The administration continues to overlook CIA findings that the Chinese have sold 5,000 ring magnets to Pakistan for its uranium enrichment facility. The ring magnets were transferred

to a laboratory in Pakistan, and the facility is named after the founder of Pakistan's nuclear weapons program. I would like to note that ring magnets are used for the building of nuclear weapons.

The administration has overlooked, in my opinion, a CIA report that described the Chinese sale of a special industrial furnace and high-tech diagnostic equipment to Pakistan. The furnace and diagnostic equipment have dual use and can be used to melt plutonium as well as uranium for nuclear weapons. Furthermore, by granting the certification the administration is willing to approve China's continued support of Pakistan's commitment to build a plutonium production reactor and a plutonium reprocessing plant. These facilities are essential for a nuclear weapons program.

Despite the repeated protests by Members of this body, China continues to assist Pakistan in building a sophisticated nuclear arsenal. Unfortunately, this nuclear arsenal is not subject to international inspection. Furthermore, the administration continues to look the other way as China continues to export technology and ballistic and missile components to Pakistan. I would like to remind my colleagues that Pakistan is not a member of the International Atomic Energy Agency and bans investigators from several of its nuclear facilities. Members of this body have supported and at times insisted that China receive United States peaceful nuclear technology only if China halts all nuclear exports to nations with unregulated nuclear facilities.

Last year a letter was sent to President Clinton by Members of this body stating that China has not earned or behaved in a manner that warrants such certification. The Arms Control and Disarmament Agency's annual report to Congress stated that while the administration could not stipulate a violation, questions remained about contacts between Chinese entities and elements associated with Pakistan's nuclear weapons program.

Mr. Speaker, I hope that many of my colleagues will support legislation that rejects the administration's granting of this certification. We have less than 30 days to act. We must send a message to the Chinese that we will not turn our heads away and accept its nuclear weapons relations with Pakistan. We should not accept the assurances made by the Chinese when they have continually failed to be responsible and act responsibly as a member of the international proliferation community.

CONFIRMATION OF DR. SATCHER AS U.S. SURGEON GENERAL

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997 the gentleman from Texas (Ms. JACKSON-LEE) is recognized during morning hour debates for 5 minutes.